

**MISSOURI DEPARTMENT OF TRANSPORTATION
AND MISSOURI STATE HIGHWAY PATROL
MEDICAL PLAN**

Annual Report for the Calendar Year
Ending June 30, 2009

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EXECUTIVE SUMMARY

Watson Wyatt presents the following Report to the Trustees of the Missouri Department of Transportation and Missouri State Highway Patrol Medical Plan (“The Plan”). Here are the key findings for the calendar year ending June 30, 2009:

- ◆ The recommended liability estimate for incurred but not reported claims (IBNR) is \$12.0 million, which is an increase of \$200,000 when compared to the IBNR estimate for the calendar year ending December 31, 2008 (CY 2008). The actual IBNR (to date) for CY 2008 is \$12.6 million, or 107.2% of the original estimated liability. This compares to an actual IBNR (to date) for FY 2008 of \$12.0 million, or 96.8% of the estimated liability at that time of \$12.4 million.
- ◆ The lower than expected increase in the estimated IBNR liability is due to the faster claim turnaround time expected in administration by Coventry Health Care.
- ◆ The current IBNR liability is estimated at 12.4% of paid claims, compared to the actual IBNR liability of 13.3% of paid claims for CY 2008, and the actual IBNR liability of 13.0% of paid claims for FY 2008.
- ◆ The ultimate incurred claim liability for FY 2009 is estimated to be \$97.0 million. This is a 3.1% increase over FY 2008's \$94.1 million. Overall, this is a 2.8% increase per employee over FY 2008.
- ◆ Income for FY 2009 exceeded expenses by \$2.7 million.
- ◆ Paid prescription drug claims were \$17.9 million in FY 2009, a per employee per month (PEPM) decrease of 0.2% over FY 2008.
- ◆ Paid medical claims were \$78.6 million in FY 2009, a PEPM increase of 4.2% over FY 2008.
- ◆ Incurred medical and pharmacy trend has averaged 4.2% annually since mid 2006.

EXECUTIVE SUMMARY (cont.)

- ◆ Total contributions (based upon established contribution levels) as a percent of total cost is projected at 102.4% for FY 2009, up from FY 2008's 97.4%.
- ◆ Retained earnings are projected to increase from a surplus of \$10.7 million at the beginning of FY 2009 to a surplus of \$13.4 million at the end of FY 2009, an increase of \$2.7 million.

LIABILITY FOR INCURRED BUT NOT REPORTED CLAIMS

A claim becomes the potential liability of The Plan at the time an illness or injury occurs and treatment is sought, but various reasons may cause the payment to be made at a later date. Therefore, at the end of an accounting period it becomes necessary to formally estimate the amount of future payments for those claims already incurred but not reported, i.e. IBNR claims.

To estimate the IBNR liability for FY 2009, the following steps were performed:

1. New triangle (lag) reports were obtained from Coventry Health Care and Meritain that showed medical claims payment information for the period 1/1/2009 through 5/31/2009. These reports summarize the claims payment pattern by month incurred and month paid.
2. Claim payments for June 2009 were estimated based upon historical levels.
3. Historical lag data provided for prior reports for 1/1/2005 through 12/31/2008 was utilized.
4. The medical paid claims information was input into a spreadsheet to produce the lag study, which estimates future payments yet to be made on medical claims that have already been incurred. This lag study utilizes the mature historical claims payment pattern established through HealthLink and Meritain's claim administration process, plus the emerging claims payment pattern from Coventry Health Care.
5. Prescription drug claims payment information is available by paid month only. To estimate the prescription drug liability for IBNR claims a factor representing approximately 4 days of one month's paid prescription drug claims was used and included in the IBNR estimate.

The total estimated liability for IBNR claims as of June 30, 2009 is estimated at \$12,000,000. The liability was allocated between categories of participants based on claims paid during the above period and is shown below.

Category	Percent of Total	IBNR Claim Liability
Active	64.3%	\$7,718,000
Pre-65 Retiree	19.5%	2,343,000
Post-65 Retiree	16.2%	1,939,000
Total	100.0%	\$12,000,000

LIABILITY FOR INCURRED BUT NOT REPORTED CLAIMS

Payment and liability information were combined to monitor past liability calculations compared to historical run-out. Exhibit 1 summarizes this information.

The total estimated liability for IBNR claims of \$12,000,000 represents a 3.2% decrease in the estimated IBNR of 6/30/2008 (\$12,400,000). The decrease can be attributed to:

- | | | |
|----|---|--------|
| 1. | Increase in per contract benefit costs (incurred basis) | 2.8% |
| 2. | Increase in employee/retiree enrollment | 0.3% |
| 3. | Decrease in claims turnaround (payment time) | (6.1%) |

Exhibit 1 **IBNR Claim Liability and** **Incurred Claim Experience**

12 Month Period Ending	Year	Paid Claims ¹	Projected IBNR	Actual IBNR	% Actual IBNR to Projected	Incurred Claims	IBNR as % Paid	Average # Enrolled Employees ²	12 Month PEPM	12 Month PEPM Increase
12/31/2000	CY 2000	\$40,679,532	\$7,892,000	\$8,740,578	110.75%	\$41,103,686	21.49%	13,534	\$253.09	-4.99%
12/31/2001	CY 2001	\$46,168,054	\$9,200,000	\$7,738,637	84.12%	\$45,166,113	16.76%	12,329	\$305.28	20.62%
12/31/2002	CY 2002	\$53,099,144	\$8,569,000	\$6,721,869	78.44%	\$52,082,376	12.66%	12,270	\$353.72	15.87%
12/31/2003	CY 2003	\$58,373,732	\$8,250,000	\$7,385,108	89.52%	\$59,036,971	12.65%	12,828	\$383.52	8.42%
12/31/2004	CY 2004	\$67,438,455	\$8,261,000	\$6,664,230	80.67%	\$66,717,577	9.88%	13,135	\$423.28	10.37%
12/31/2005	CY 2005	\$75,967,126	\$9,119,000	\$11,008,787	120.72%	\$80,311,683	14.49%	13,785	\$485.50	14.70%
12/31/2006	CY 2006	\$88,891,599	\$10,285,000	\$12,281,220	119.41%	\$90,164,032	13.82%	13,910	\$540.16	11.26%
6/30/2007	FY 2007	\$89,975,377	\$11,000,000	\$10,538,620	95.81%	\$90,354,470	11.71%	14,125	\$533.06	3.75%
12/31/2007	CY 2007	\$91,804,943	\$12,167,000	\$11,422,122	93.88%	\$90,945,845	12.44%	14,143	\$535.87	-0.79%
6/30/2008	FY 2008	\$92,598,713	\$12,400,000	\$12,003,787	96.80%	\$94,063,880	12.96%	13,840	\$566.38	6.25%
12/31/2008	CY 2008	\$94,335,867	\$11,800,000	\$12,584,987	106.65%	\$96,382,234	13.34%	13,641	\$588.80	9.88%
6/30/2009	FY 2009	\$96,378,135	\$12,000,000	\$12,000,000	100.00%	\$96,956,013	12.45%	13,883	\$581.98	2.75%

Fiscal 2010	Projected Liability
July	\$12,076,000
August	\$12,153,000
September	\$12,230,000
October	\$12,308,000
November	\$12,386,000
December	\$12,465,000
January	\$12,544,000
February	\$12,624,000
March	\$12,704,000
April	\$12,785,000
May	\$12,866,000
June	\$12,948,000
July	\$13,030,000
August	\$13,113,000
September	\$13,196,000
October	\$13,280,000
November	\$13,365,000
December	\$13,450,000

Notes:

1. Rx Paid Claims from IPC reports.
Medical Paid Claims from Lag Triangles Provided by Meritain.
2. Excludes sponsored dependents.

Actual IBNR amounts for FY 2008, CY 2008, and FY 2009 are still subject to change.

Projected Liabilities assuming combined medical and prescription drug trend of 7.91%.

The projected Fiscal 2010 claim liabilities are assumed to be subject to the trend assumptions in Exhibit 7 - actual liabilities may differ.

HIGHLIGHTS OF MEDICAL PLAN REPORT

For this report, we have examined the experience of The Plan for Fiscal Year 2009, compared Income Statements for calendar years 2000 through May 2009 and have projected the cost of The Plan for CY 2009 and the next five calendar years.

- ◆ Income in FY 2009 exceeded expenses by just over \$2.7 million.
- ◆ The average monthly medical contribution (state and member) per eligible employee/retiree in FY 2009 was \$603.93 compared to \$553.58 in FY 2008. This represents an increase of 9.1%, which also reflects the adjustment to the Medicare eligible rates due to Medicare Part D expected subsidies, as well as the transition January 1 2009 to Coventry Health Care.
 - ◆ The funding increase for CY 2009 was approximately 5.0%.
 - ◆ The difference between the 5.0% funding increase and the actual 9.1% increase is due to changes in the enrollment mix for both the active employees and the Medicare-eligible retirees. In both groups, there was a shift away from single coverage to coverage levels with additional dependents.
- ◆ The number of enrolled active employees decreased 1.3% between FY 2008 and FY 2009, from 8,549 to 8,439.
- ◆ The retiree group experienced an enrollment increase of 2.9% in the same period, from 5,291 to 5,446.
- ◆ The Plan's surplus of \$10.7 million at the end of FY 2008 is projected to increase to a surplus of \$13.4 million as of June 30, 2009. The combination of the following will help The Plan continue to manage The Plan's expense ratio, and manage the desired decline in the existing surplus to an acceptable level:
 - ◆ No contribution increase for CY 2010.
 - ◆ Contribution increases for CY 2011, 2012 and beyond (See Exhibit 10 for details).
 - ◆ Monthly monitoring of the medical claim payments system on a 12-month average PEPY basis as an "early indicator" of increasing claims expense over current favorable experience (See Graphs in Appendix).
 - ◆ Close monitoring to the ending retained earnings as calculated by MoDOT's financial "Statements Of Revenues, Expenses And Changes In Net Assets".
 - ◆ Ongoing review of actual IBNR for FY 2009 and CY 2008.

PLAN HISTORY

Exhibit 2 provides historical information summarizing the significant features of The Plan's experience in the past three reporting periods. These items include:

- ◆ Active and retiree information
- ◆ Average monthly contribution rates
- ◆ Total income and expenses
- ◆ Year end retained earnings

The basic payment information used to estimate the IBNR liability was provided by Meritain and Coventry Health Care. Exhibit 2 and Exhibit 3 are financial tables that summarize The Plan's income and expenses as contained in the Financial Statements provided to Watson Wyatt by The Plan Sponsor.

The figures appearing in Exhibit 4 through Exhibit 7 and Exhibit 9 are based upon the reports received from The Plan sponsor including: financial statements, monthly benefits and contributions, and prescription drug paid claims. Differences in the amounts shown between these exhibits result from differences in the timing of Third Party Liability payments, Stop-Pay, and voided checks.

Exhibit 2

	FY 2008	CY 2008	FY 2009
Average Number Enrolled			
Active (Includes COBRA, Disabled & Vested)	8,549	8,415	8,439
Pre-65 Retiree (Includes Survivors)	1,702	1,622	1,810
Post-65 Retiree (Includes Survivors)	3,589	3,604	3,636
Retiree (Includes Survivors)	5,291	5,226	5,446
Total	13,840	13,641	13,885
 Average Monthly Contribution Per Enrollee	 \$553.58	 \$598.53	 \$603.93
 Total Income	 \$103,841,783	 \$109,860,942	 \$113,306,105
 Total Expense	 \$106,749,044	 \$108,210,404	 \$110,645,086
 Retained Earnings	 \$10,727,438	 \$10,515,263	 \$13,388,457

(Income, Expenses, and Retained Earnings as Reported in The Plan's Financial Statements)

COMPARATIVE STATEMENT OF INCOME AND EXPENSES

Exhibit 3 compares the income and expenses for FY 2009 compared to the same categories for CY 2008 and FY 2008.

Total Income for The Plan includes contributions from The Plan and plan participants for medical and life insurance benefits, investment income, and changes in the fair value of investments.

Total Expenses are the sum of medical and prescription benefit payments, increase (decrease) in IBNR, life insurance premiums, administrative expenses (including medical and prescription drug plan administration, professional fees, bank service charges, and miscellaneous). Exhibit 3 also shows the change in retained earnings for each period.

Exhibit 3
Comparative Statement of Income and Expenses

	FY 2008	% of Income	CY 2008	% of Income	FY 2009	% of Income	% Change, Current Compared to FY 2008 CY 2008 *	
Income								
State Contributions - Employee Medical	\$56,588,386	54.5%	\$59,912,578	54.5%	\$61,452,920	54.2%	8.6%	2.6%
State Contributions - Retiree Medical	13,879,841	13.4%	14,833,950	13.5%	15,327,214	13.5%	10.4%	3.3%
Member Contributions - Medical	21,470,067	20.7%	23,227,747	21.1%	23,847,283	21.1%	11.1%	2.7%
SubTotal Medical	91,938,294	88.5%	97,974,275	89.2%	100,627,417	88.8%	9.5%	2.7%
State Contributions - Life	627,703	0.6%	637,629	0.6%	699,036	0.6%	11.4%	9.6%
Member Contributions - Optional Life	5,063,949	4.9%	5,241,812	4.8%	5,181,980	4.6%	2.3%	-1.1%
Medicare Reimbursement	3,291,360	3.2%	3,221,194	2.9%	3,259,434	2.9%	-1.0%	1.2%
Subrogation Refunds	209,706	0.2%	82,892	0.1%	486,140	0.4%	131.8%	486.5%
Prescription Formulary Rebates	1,381,750	1.3%	1,589,883	1.5%	1,879,332	1.7%	36.0%	18.2%
Interest	1,048,021	1.0%	998,302	0.9%	1,028,454	0.9%	-1.9%	3.0%
Change in Fair Value of Investments	249,766	0.2%	114,955	0.1%	144,312	0.1%	-42.2%	25.5%
Other Income	31,234	0.0%	0	0.0%	0	0.0%	-100.0%	0.0%
Total Income	\$103,841,783	100.0%	\$109,860,942	100.0%	\$113,306,105	100.0%	9.1%	3.1%
Expenses								
Medical Claims	\$75,171,749	72.4%	\$76,797,374	69.9%	\$78,616,440	69.4%	4.6%	2.4%
Prescription Drug Claims	17,873,541	17.2%	17,907,700	16.3%	17,890,803	15.8%	0.1%	-0.1%
HMO Premium	0	0.0%	0	0.0%	0	0.0%	0.0%	0.0%
Change in IBNR	1,400,000	1.4%	1,332,000	1.2%	983,000	0.9%		
SubTotal Medical	94,445,290	91.0%	96,037,074	87.4%	97,490,243	86.0%	3.2%	1.5%
Transplant Premium	987,128	1.0%	990,800	0.9%	497,368	0.4%	-49.6%	-49.8%
State Life Insurance Premium	590,148	0.6%	630,433	0.6%	706,191	0.6%	19.7%	12.0%
Optional Life Insurance Premium	5,095,657	4.9%	5,252,121	4.8%	5,144,635	4.5%	1.0%	-2.1%
Administrative Service - Coventry	0	0.0%	0	0.0%	2,504,799	2.2%	0.0%	0.0%
Administrative Service - BCBS	0	0.0%	0	0.0%	0	0.0%	0.0%	0.0%
Administrative Service - Meritain Health	1,760,719	1.7%	1,773,325	1.6%	1,330,040	1.2%	-24.5%	-25.0%
Administrative Service - Healthlink	803,845	0.8%	747,735	0.7%	403,470	0.4%	-49.8%	-46.0%
Administrative Service - Aetna/Allsup	2,100	0.0%	3,750	0.0%	5,200	0.0%	147.6%	38.7%
Administrative Service - PHP	1,109,873	1.1%	906,021	0.8%	674,931	0.6%	-39.2%	-25.5%
Prescription Drugs Administrative Service	402,465	0.4%	256,028	0.2%	249,844	0.2%	-37.9%	-2.4%
Professional Fees	1,505,038	1.5%	1,599,595	1.5%	1,622,475	1.4%	7.8%	1.4%
Miscellaneous	46,782	0.1%	13,524	0.0%	15,891	0.0%	-66.0%	17.5%
Bank Service Charge	0	0.0%	0	0.0%	0	0.0%	0.0%	0.0%
Administrative Expenses	5,630,822	5.4%	5,299,978	4.8%	6,806,650	6.0%	20.9%	28.4%
Prior Period Adjustments	(1)	0.0%	(2)	0.0%	(1)	0.0%	0.0%	-50.0%
Total Expenses	\$106,749,044	102.8%	\$108,210,404	98.5%	\$110,645,086	97.7%	3.7%	2.3%
Total Change in Retained Earnings	(\$2,907,261)	-2.8%	\$1,650,538	1.5%	\$2,661,019	2.4%		

* Represents an annualized increase of 4.2% for Medical Claims and an annualized decrease of -0.2% for Prescription Drug Claims (after enrollment changes) over FY 2008,

Medical claims from The Plan's Statement of Revenues, Expenses and Changes in Retained Earnings. Differences exist between this and the lag reports provided by Meritain/HealthLink.

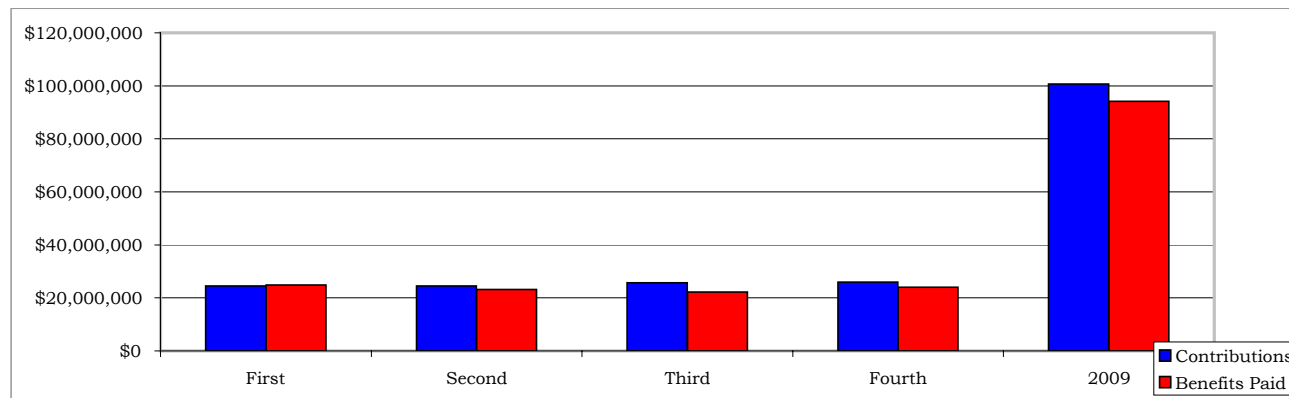
COMPARISON OF CONTRIBUTIONS AND BENEFIT PAYMENTS – BY QUARTER

Exhibit 4 compares contributions and benefit payments for each quarter in FY 2009. “Enrolled Contract Months” is the sum of the number of months each employee and retiree is covered by The Plan. Contract Months indicate the growth in enrollment that The Plan has experienced during the current reporting period.

- The excess in income compared to benefits and expenses was \$2.7 million in FY 2009.

Exhibit 4 **Comparison of Contributions and Benefit Payments**

	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>	<u>Fiscal 2009</u>
Enrolled Contract Months	40,963	40,910	42,180	42,551	166,604
State Contributions - Employee Medical	\$14,984,939	\$14,957,759	\$15,672,162	\$15,838,060	\$61,452,920
State Contributions - Retiree Medical	\$3,715,196	\$3,729,043	\$3,926,492	\$3,956,483	\$15,327,214
Member Contributions - Medical	\$5,793,322	\$5,814,843	\$6,132,041	\$6,107,077	\$23,847,283
Contributions	\$24,493,457	\$24,501,645	\$25,730,695	\$25,901,620	\$100,627,417
Medical Claims	\$20,645,378	\$18,711,916	\$18,694,881	\$20,564,265	\$78,616,440
Prescription Drug Claims	\$4,591,957	\$4,907,607	\$3,858,117	\$4,533,122	\$17,890,803
Medicare Reimbursement	\$785,448	\$969,832	\$753,456	\$750,698	\$3,259,434
Subrogation Refunds	\$15,268	\$0	\$0	\$470,872	\$486,140
Prescription Formulary Rebates	\$411,824	\$465,376	\$398,807	\$603,325	\$1,879,332
HMO Premium	\$0	\$0	\$0	\$0	\$0
Benefits Paid	\$24,810,243	\$23,154,147	\$22,154,191	\$24,023,190	\$94,141,771
Contributions less Benefits	(\$316,786)	\$1,347,498	\$3,576,504	\$1,878,430	\$6,485,646
Contributions as Percent of Benefit Paid	98.72%	105.82%	116.14%	107.82%	106.89%
Total Contributions	\$27,505,695	\$27,709,307	\$28,604,256	\$29,486,847	\$113,306,105
Total Expenses	\$28,593,278	\$26,833,899	\$26,725,444	\$28,492,465	\$110,645,086
Total Contributions less Total Expenses	(\$1,087,583)	\$875,408	\$1,878,812	\$994,382	\$2,661,019
Contributions as Percent of Total Plan Costs	96.20%	103.26%	107.03%	103.49%	102.41%



QUARTERLY CONTRIBUTIONS AND BENEFITS BY CATEGORY

Exhibit 5 shows the distribution of contributions and benefit payments by category of covered member.

- ◆ The Plan changed contribution rates effective 1/1/2009.
- ◆ Overall, contributions exceeded benefits paid by \$4.3 million in FY 2009.

Exhibit 5
Contributions and Benefits by Category

	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>	<u>Fiscal 2009</u>	<u>Fiscal 2009 Per Employee</u>
Contributions ¹						
Active (Includes COBRA, Disabled & Vested)	\$17,516,751	\$17,472,064	\$18,423,665	\$18,672,811	\$72,085,291	\$704.25
Active (Includes COBRA, Disabled & Vested) Subscriber Only	\$3,578,094	\$3,554,928	\$3,783,726	\$3,825,792	\$14,742,540	\$355.53
Active (Includes COBRA, Disabled & Vested) Subscriber + Spouse	\$2,333,800	\$2,352,000	\$2,453,430	\$2,442,405	\$9,581,635	\$718.32
Active (Includes COBRA, Disabled & Vested) Subscriber + Family	\$9,694,761	\$9,639,173	\$10,109,220	\$10,296,594	\$39,739,748	\$1,085.40
Active (Includes COBRA, Disabled & Vested) Subscriber + 1 Child	\$1,267,700	\$1,257,200	\$1,346,520	\$1,348,725	\$5,220,145	\$711.29
Active (Includes COBRA, Disabled & Vested) Subscriber + 2 Children	\$642,396	\$668,763	\$730,769	\$759,295	\$2,801,223	\$778.12
Pre-65 Retiree (Includes Survivors)	\$2,875,451	\$2,844,213	\$3,819,104	\$3,837,827	\$13,376,595	\$558.08
Pre-65 Retiree (Includes Survivors) Subscriber Only	\$684,099	\$682,695	\$727,668	\$742,059	\$2,836,521	\$354.17
Pre-65 Retiree (Includes Survivors) Subscriber + Spouse	\$1,794,800	\$1,750,700	\$2,583,525	\$2,573,970	\$8,702,995	\$621.07
Pre-65 Retiree (Includes Survivors) Subscriber + Family	\$352,770	\$367,736	\$455,532	\$468,996	\$1,645,034	\$985.05
Pre-65 Retiree (Includes Survivors) Subscriber + 1 Child	\$29,400	\$28,700	\$38,955	\$41,895	\$138,950	\$620.31
Pre-65 Retiree (Includes Survivors) Subscriber + 2 Children	\$14,382	\$14,382	\$13,424	\$10,907	\$53,095	\$1,001.79
Post-65 Retiree (Includes Survivors)	\$3,972,162	\$3,997,128	\$4,187,393	\$4,198,489	\$16,355,172	\$373.89
Total Contributions	\$24,364,364	\$24,313,405	\$26,430,162	\$26,709,127	\$101,817,058	
Benefits Paid						
Active (Includes COBRA, Disabled & Vested)	\$16,266,394	\$15,552,314	\$14,945,930	\$15,935,375	\$62,700,012	\$612.56
Active (Includes COBRA, Disabled & Vested) Subscriber Only	\$3,544,474	\$3,278,672	\$2,857,190	\$3,064,524	\$12,744,860	\$307.36
Active (Includes COBRA, Disabled & Vested) Subscriber + Spouse	\$3,286,937	\$3,263,194	\$2,688,060	\$2,944,899	\$12,183,089	\$913.34
Active (Includes COBRA, Disabled & Vested) Subscriber + Family	\$8,403,407	\$7,629,189	\$7,904,521	\$8,740,082	\$32,677,198	\$892.50
Active (Includes COBRA, Disabled & Vested) Subscriber + 1 Child	\$694,620	\$1,015,315	\$1,102,526	\$716,765	\$3,529,226	\$480.89
Active (Includes COBRA, Disabled & Vested) Subscriber + 2 Children	\$336,956	\$365,944	\$393,634	\$469,105	\$1,565,638	\$434.90
Pre-65 Retiree (Includes Survivors)	\$5,193,444	\$4,225,473	\$4,550,340	\$5,066,107	\$19,035,364	\$794.17
Pre-65 Retiree (Includes Survivors) Subscriber Only	\$1,330,112	\$940,663	\$1,551,395	\$1,303,023	\$5,125,193	\$639.93
Pre-65 Retiree (Includes Survivors) Subscriber + Spouse	\$3,376,959	\$2,847,245	\$2,535,021	\$2,973,335	\$11,732,559	\$837.26
Pre-65 Retiree (Includes Survivors) Subscriber + Family	\$408,066	\$332,883	\$419,686	\$738,095	\$1,898,730	\$1,136.96
Pre-65 Retiree (Includes Survivors) Subscriber + 1 Child	\$62,187	\$76,894	\$20,909	\$28,185	\$188,176	\$840.07
Pre-65 Retiree (Includes Survivors) Subscriber + 2 Children	\$16,120	\$27,789	\$23,329	\$23,469	\$90,706	\$1,711.43
Post-65 Retiree (Includes Survivors)	\$3,795,111	\$3,977,171	\$3,612,090	\$4,372,575	\$15,756,948	\$360.22
Total Benefits	\$25,254,950	\$23,754,958	\$23,108,360	\$25,374,056	\$97,492,324	
Contributions as Percent of Benefits Paid						
Active (Includes COBRA, Disabled & Vested)	107.69%	112.34%	123.27%	117.18%	114.97%	
Active (Includes COBRA, Disabled & Vested) Subscriber Only	100.95%	108.43%	132.43%	124.84%	115.67%	
Active (Includes COBRA, Disabled & Vested) Subscriber + Spouse	71.00%	72.08%	91.27%	82.94%	78.65%	
Active (Includes COBRA, Disabled & Vested) Subscriber + Family	115.37%	126.35%	127.89%	117.81%	121.61%	
Active (Includes COBRA, Disabled & Vested) Subscriber + 1 Child	182.50%	123.82%	122.13%	188.17%	147.91%	
Active (Includes COBRA, Disabled & Vested) Subscriber + 2 Children	190.65%	182.75%	185.65%	161.86%	178.92%	
Pre-65 Retiree (Includes Survivors)	55.37%	67.31%	83.93%	75.75%	70.27%	
Pre-65 Retiree (Includes Survivors) Subscriber Only	51.43%	72.58%	46.90%	56.95%	55.34%	
Pre-65 Retiree (Includes Survivors) Subscriber + Spouse	53.15%	61.49%	101.91%	86.57%	74.18%	
Pre-65 Retiree (Includes Survivors) Subscriber + Family	86.45%	110.47%	108.54%	63.54%	86.64%	
Pre-65 Retiree (Includes Survivors) Subscriber + 1 Child	47.28%	37.32%	186.30%	148.64%	73.84%	
Pre-65 Retiree (Includes Survivors) Subscriber + 2 Children	89.22%	51.76%	57.54%	46.47%	58.54%	
Post-65 Retiree (Includes Survivors)	104.67%	100.50%	115.93%	96.02%	103.80%	
Total	96.47%	102.35%	114.37%	105.26%	104.44%	
Note: Differences compared to Exhibit 4 result from timing differences between the reports used.						

1. Based upon pre-determined contribution rates and enrollment as reported in the Income to Medical Plan (MHTD & Patrol) report.

ANNUAL CONTRIBUTIONS AND BENEFITS BY CATEGORY

Exhibit 6 shows the distribution of contributions and benefits among the different categories of participants. The dollar amounts in this exhibit were summarized in Exhibit 5.

Contributions as a percentage of benefit (claim) costs in FY 2009 compared to CY 2008, FY 2008, and CY 2007 are:

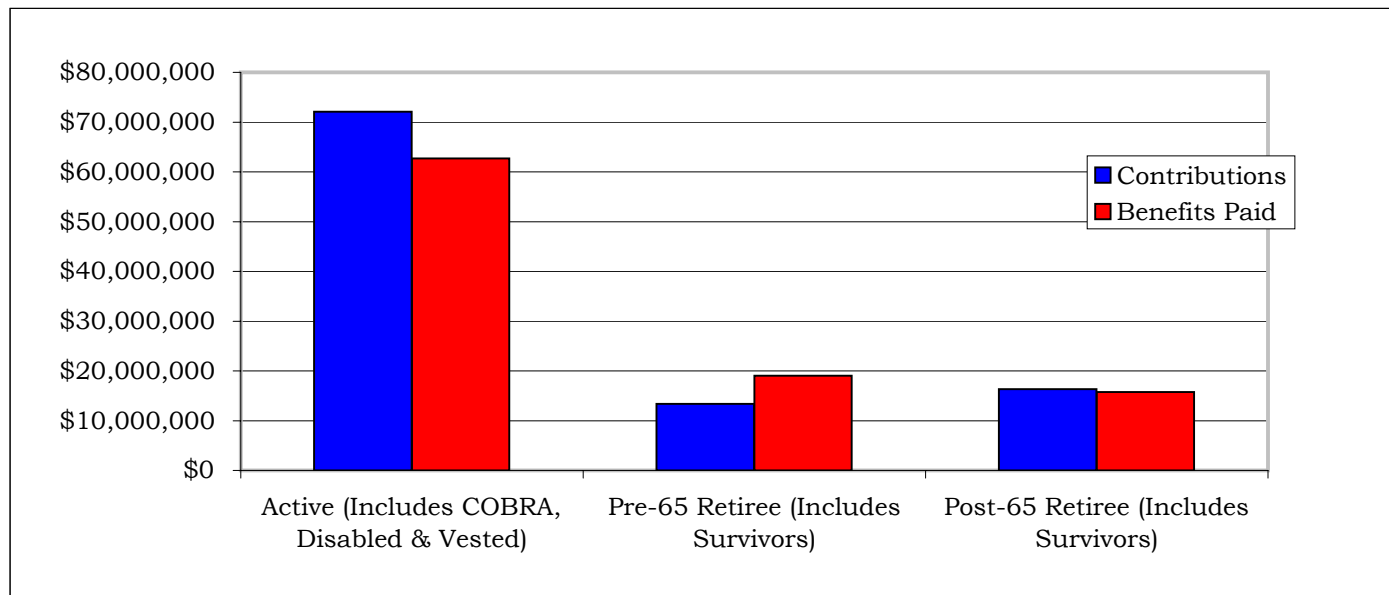
Category	CY 2007	FY 2008	CY 2008	FY 2009
Active	106.1%	111.2%	114.1%	115.0%
Pre-65 Retiree	63.1%	59.3%	61.5%	70.3%
Post-65 Retiree	90.8%	100.6%	107.1%	103.8%

Contributions as a percentage of benefit (claim) costs by tier for FY 2009 are:

Category	Subscriber Only	Subscriber + Spouse	Subscriber + Family	Subscriber + 1 Child	Subscriber + 2 Children
Active	115.7%	78.6%	121.6%	147.9%	178.9%
Pre-65 Retiree	55.3%	74.2%	86.6%	73.8%	58.5%
Post-65 Retiree	N/A	N/A	N/A	N/A	N/A

Exhibit 6 Comparison of Contributions and

	<u>Active (Includes COBRA, Disabled & Vested)</u>	<u>Pre-65 Retiree (Includes Survivors)</u>	<u>Post-65 Retiree (Includes Survivors)</u>	Fiscal 2009
Contributions	\$72,085,291	\$13,376,595	\$16,355,172	\$101,817,058
Benefits Paid	62,700,012	19,035,364	15,756,948	97,492,324
Contributions less Benefits	9,385,279	(5,658,769)	598,224	4,324,734
 Contributions as Percent of Benefit Cost	 114.97%	 70.27%	 103.80%	 104.44%



1. Based upon pre-determined contribution rates and enrollment as reported in the Income to Medical Plan (MHTD & Patrol) report.

DEVELOPMENT OF MONTHLY BENEFIT COST

Exhibit 7 shows The Plan's projected costs for the various categories for CY 2009.

Exhibit 8 shows The Plan's historical monthly claim costs compared to contributions for the various categories for CY 2000 through CY 2008, and projected for CY 2009.

Exhibit 9 shows The Plan's projected costs for the various categories for CY 2010. These reflect the following changes:

- ◆ Change to Coventry Health Plan as medical administrator 1/1/2009.
- ◆ Termination of the insured Transplant coverage, with benefits being covered by The Plan, 1/1/2009.
- ◆ Improvement in pharmacy pricing terms from RFP, effective 1/1/2010.

Based upon The Plan's medical cost experience, the annual trend for medical was assumed to be 8.0%. For pharmacy, actual PEPM trend has been in the low single digits since mid-2007. Based upon this and surveys of expected drug cost increases, we have used an annual pharmacy trend of 6.0%. Administration expenses are assumed to increase at an annual rate of 5.5%. No change was made to the annualized trend factors for 2010 through 2014.

Medical PPO underwriting trend for CY 2010 ranges from 7% to 10.0% nationally for active and pre-65 retired employees. This compares to The Plan's incurred medical trend for FY 2009 (over FY 2008) of 2.7% for all enrollees.

Pharmacy trend for the large PBM's ranges from 6.0% to 9.0% for active employees, with slightly higher percentages used for retirees (8% - 12%+). The Plan's pharmacy trend for FY 2009 of 1.6% (over FY 2008) continued to remain very favorable compared to national trend.

Exhibit 7
Development of Monthly Medical Cost vs. Contribution

	<u>Active (Includes COBRA, Disabled & Vested)</u>	<u>Pre-65 Retiree (Includes Survivors)</u>	<u>Active & Pre-65 Retiree Combined</u>	<u>Post-65 Retiree (Includes Survivors)</u>	<u>Total</u>
Medical Plan Benefit Payments Fiscal Year 2009	\$56,406,830	\$16,408,670	\$72,815,500	\$6,786,021	\$79,601,522
Medical Plan Change, Coventry	-3.75%	-3.75%	-3.75%	0.00%	-3.43%
Medical Trend	103.92%	103.92%	103.92%	103.92%	103.92%
Medical Plan Benefit Payments Calendar Year 2009	\$56,419,804	\$16,412,444	\$72,832,248	\$7,052,034	\$79,884,282
Medical Plan Administration Costs Fiscal Year 2009	\$4,084,546	\$1,188,189	\$5,272,735	\$491,391	\$5,764,126
Change in Medical Plan Administration Costs ¹	100.00%	100.00%	100.00%	100.00%	100.00%
Medical Plan Administration Costs Calendar Year 2009	\$4,084,546	\$1,188,189	\$5,272,735	\$491,391	\$5,764,126
Prescription Drug Plan Benefit Payments Fiscal Year 2009	\$6,293,182	\$2,626,694	\$8,919,876	\$8,970,926	\$17,890,802
Prescription Drug Plan Changes	0.00%	0.00%	0.00%	0.00%	0.00%
Prescription Drug Trend	102.96%	102.96%	102.96%	102.96%	102.96%
Prescription Drug Plan Benefit Payments Calendar Year 2009	\$6,479,460	\$2,704,444	\$9,183,904	\$9,236,466	\$18,420,370
Prescription Drug Plan Administration Costs Fiscal Year 2009	\$81,444	\$33,994	\$115,438	\$116,098	\$231,536
Change in Prescription Drug Plan Administration Costs ²	100.00%	100.00%	100.00%	100.00%	100.00%
Prescription Drug Plan Administration Calendar Year 2009	\$81,444	\$33,994	\$115,438	\$116,098	\$231,536
Change in Reserve Jan 1 - Dec 31, 2009	\$711,449	\$206,960	\$918,409	\$85,591	\$1,004,000
Additional IBNR	\$0	\$0	\$0	\$0	\$0
Transplant Premium (Terminated coverage 1.1.2009)	\$0	\$0	\$0	\$0	\$0
Other Expenses	\$957,557	\$224,232	\$1,181,789	\$409,219	\$1,591,008
Medicare Reimbursement	\$0	\$0	\$0	(\$3,005,732)	(\$3,005,732)
Subrogation Refunds	(\$283,397)	(\$66,363)	(\$349,760)	(\$121,112)	(\$470,872)
Prescription Formulary Rebates	(\$966,253)	(\$226,268)	(\$1,192,521)	(\$412,936)	(\$1,605,457)
Total Projected Cost Calendar Year 2009	\$67,484,610	\$20,477,632	\$87,962,242	\$13,851,019	\$101,813,261
Eligible Contract Months	102,357	23,969	126,326	43,743	170,069
Projected Monthly Cost (PEPM) ³	\$659.31	\$854.34	\$696.31	\$316.65	\$598.66
Current Contribution (PEPM)	\$728.82	\$639.90	\$711.95	\$383.75	\$627.53
Investment Income	\$723,337	\$169,384	\$892,721	\$309,123	\$1,201,844
Excess of Contribution over Monthly Cost (PEPM)	\$69.51	(\$214.44)	\$15.64	\$67.10	\$28.87
Projected Contributions	\$74,599,470	\$15,337,723	\$89,937,193	\$16,786,398	\$106,723,591

1. Overall medical administrative fees increased 3.5% in 2009.

2. Prescription Drug administrative fees decreased by 35%.

3. PEPM = per employee per month.

Assumptions:

Other non-medical expenses offset by non-medical income

Exhibit 8
Historical Monthly Medical Cost vs. Contribution

	<u>One-Person</u>	<u>Multiple</u>	<u>Active (Includes COBRA, Disabled & Vested)</u>	<u>Pre-65 Retiree (Includes Survivors)</u>	<u>Post-65 Retiree (Includes Survivors)</u>	<u>Medicare</u>	<u>Sponsored Dependents</u>	<u>Total</u>
Calendar Year 2000 (CY1999 Projection)								
Monthly Cost (PEPM)	\$187.58	\$434.74	N/A	N/A	N/A	\$176.49	\$68.26	\$265.43
Contribution (PEPM)	\$179.00	\$431.00	N/A	N/A	N/A	\$195.00	\$91.00	\$267.26
Excess of Contribution over Monthly Cost (PEPM)	(\$8.58)	(\$3.74)	N/A	N/A	N/A	\$18.51	\$22.74	\$1.83
Calendar Year 2000 Actual								
Monthly Cost (PEPM)	\$162.45	\$462.03	N/A	N/A	N/A	\$161.10	\$55.01	\$247.88
Contribution (PEPM)	\$179.00	\$431.00	N/A	N/A	N/A	\$195.00	\$91.00	\$255.55
Excess of Contribution over Monthly Cost (PEPM)	\$16.55	(\$31.03)	N/A	N/A	N/A	\$33.90	\$35.99	\$7.67
Calendar Year 2001 Actual								
Monthly Cost (PEPM)	\$186.61	\$542.38	N/A	N/A	N/A	\$186.14	\$109.22	\$287.02
Contribution (PEPM)	\$198.00	\$475.00	N/A	N/A	N/A	\$195.00	\$91.00	\$272.38
Excess of Contribution over Monthly Cost (PEPM)	\$11.39	(\$67.38)	N/A	N/A	N/A	\$8.86	(\$18.22)	(\$14.64)
Calendar Year 2002 Actual								
Monthly Cost (PEPM)	\$225.88	\$554.77	N/A	N/A	N/A	\$320.09	\$29.42	\$346.18
Contribution (PEPM)	\$216.00	\$585.00	N/A	N/A	N/A	\$198.00	\$101.00	\$331.55
Excess of Contribution over Monthly Cost (PEPM)	(\$9.88)	\$30.23	N/A	N/A	N/A	(\$122.09)	\$71.58	(\$14.63)
Calendar Year 2003 Actual								
Monthly Cost (PEPM)	N/A	\$369.11	\$775.03	\$271.08	N/A	\$320.09	\$29.42	\$401.25
Contribution (PEPM)	N/A	\$473.74	\$427.62	\$336.17	N/A	\$198.00	\$101.00	\$437.11
Excess of Contribution over Monthly Cost (PEPM)	N/A	\$104.63	(\$347.41)	\$65.09	N/A	(\$122.09)	\$71.58	\$35.86
Calendar Year 2004 Actual								
Monthly Cost (PEPM)	N/A	N/A	\$430.37	\$772.55	\$297.17	N/A	N/A	\$444.54
Contribution (PEPM)	N/A	N/A	\$547.06	\$495.42	\$383.30	N/A	N/A	\$503.19
Excess of Contribution over Monthly Cost (PEPM)	N/A	N/A	\$116.69	(\$277.13)	\$86.13	N/A	N/A	\$58.65
Calendar Year 2005 Actual								
Monthly Cost (PEPM)	N/A	N/A	\$477.10	\$838.04	\$328.05	N/A	N/A	\$489.03
Contribution (PEPM)	N/A	N/A	\$559.51	\$505.98	\$389.33	N/A	N/A	\$514.68
Excess of Contribution over Monthly Cost (PEPM)	N/A	N/A	\$82.41	(\$332.06)	\$61.28	N/A	N/A	\$25.65
Calendar Year 2006 Actual								
Monthly Cost (PEPM)	N/A	N/A	\$578.45	\$881.67	\$269.35	N/A	N/A	\$544.19
Contribution (PEPM)	N/A	N/A	\$595.26	\$525.02	\$314.97	N/A	N/A	\$521.58
Excess of Contribution over Monthly Cost (PEPM)	N/A	N/A	\$16.81	(\$356.65)	\$45.62	N/A	N/A	(\$22.61)
Calendar Year 2007 Actual								
Monthly Cost (PEPM)	N/A	N/A	\$608.64	\$896.47	\$274.26	N/A	N/A	\$561.60
Contribution (PEPM)	N/A	N/A	\$597.15	\$524.71	\$303.77	N/A	N/A	\$513.25
Excess of Contribution over Monthly Cost (PEPM)	N/A	N/A	(\$11.49)	(\$371.76)	\$29.51	N/A	N/A	(\$48.35)
Calendar Year 2008 Actual								
Monthly Cost (PEPM)	N/A	N/A	\$650.17	\$1,017.42	\$278.12	N/A	N/A	\$595.54
Contribution (PEPM)	N/A	N/A	\$694.18	\$586.06	\$365.97	N/A	N/A	\$594.60
Excess of Contribution over Monthly Cost (PEPM)	N/A	N/A	\$44.01	(\$431.36)	\$87.85	N/A	N/A	(\$0.94)
Calendar Year 2009 Projected								
Monthly Cost (PEPM)	N/A	N/A	\$659.31	\$854.34	\$316.65	N/A	N/A	\$598.66
Contribution (PEPM)	N/A	N/A	\$728.82	\$639.90	\$383.75	N/A	N/A	\$627.53
Excess of Contribution over Monthly Cost (PEPM)	N/A	N/A	\$69.51	(\$214.44)	\$67.10	N/A	N/A	\$28.87

PROJECTED INCOME AND EXPENSE

To assist the Board in the planning process, an estimate of The Plan's financial position over the next five years is shown in Exhibit 10. The five year period begins on January 1, 2010, and is based upon the following assumptions:

1. Contribution levels for CY 2009 are as shown in Exhibit 11, and form the basis for the proposed rate increases in future years.
2. Contributions are assumed to remain flat for 2010, and increase 6.0% for 2011, and 7.5% for 2012, 8.5% for 2013, and 9.5% for 2014.
3. No changes to benefit plan designs or offerings in 2010 or beyond.
4. The number of eligible plan participants is assumed to remain constant at the May 2009 level.
5. Net investment income is assumed to increase 5% per year.
6. Administration fees are assumed to increase at a 5.5% annualized rate in CY 2010 through CY 2013.
7. Life insurance contributions are assumed to be equal to expense and increase at a 2.0% annualized rate.
8. Medical plan benefit costs for CY 2010 are as developed in Exhibit 9.
9. Medical plan benefit costs for CY 2011 through CY 2014 are assumed to increase at a 8.0% annualized rate.
10. Prescription drug benefit costs for CY 2010 are as developed in Exhibit 9.
11. Prescription drug benefit costs for CY 2011 through CY 2014 are assumed to increase at a 6.0% annualized rate.
12. The balance in the retained earnings account (surplus) ends up at \$5.2 million at the end of CY 2014, or 3.2% of total expected plan costs.

Exhibit 10 Projected Income and Expense

Assuming 2010 Rate Increase of 4.00%

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Estimated Income</u>¹					
Contributions - Medical (4.0% for 2010, 4.0% for 2011, 4.5% for 2012, 5.0% for 2013, & 13.0% for 2014)	\$111,456,000	\$115,914,000	\$121,130,000	\$127,187,000	\$143,721,000
Contributions - Life (2.0% Annual Increases)	5,943,000	6,062,000	6,183,000	6,307,000	6,433,000
Investment Income (5.0% Returns)	1,169,000	1,592,000	1,654,000	1,534,000	1,224,000
Medicare Reimbursement	3,008,000	3,249,000	3,509,000	3,790,000	4,093,000
Subrogation Refunds	473,000	511,000	552,000	596,000	644,000
Prescription Formulary Rebates	<u>1,611,000</u>	<u>1,708,000</u>	<u>1,810,000</u>	<u>1,919,000</u>	<u>2,034,000</u>
Estimated Total Income	\$123,660,000	\$129,036,000	\$134,838,000	\$141,333,000	\$158,149,000
<u>Estimated Expense</u>					
Benefits - Medical (8.0% Annual Increases)	\$86,628,000	\$93,558,000	\$101,043,000	\$109,126,000	\$117,856,000
Benefits - Rx (6.0% Annual Increases)	18,497,000	19,607,000	20,783,000	22,030,000	23,352,000
Change in Reserve (7.9% Annual Increases)	985,000	1,063,000	1,147,000	1,238,000	1,336,000
Premium - Life (2.0% Annual Increases)	5,943,000	6,062,000	6,183,000	6,307,000	6,433,000
Administrative Expenses ²	7,058,000	7,446,000	7,856,000	8,288,000	8,744,000
Other Expenses ³	<u>1,597,000</u>	<u>1,637,000</u>	<u>1,678,000</u>	<u>1,720,000</u>	<u>1,763,000</u>
Estimated Total Expense	<u>\$120,708,000</u>	<u>\$129,373,000</u>	<u>\$138,690,000</u>	<u>\$148,709,000</u>	<u>\$159,484,000</u>
Estimated Income Less Expenses	<u>\$2,952,000</u>	<u>(\$337,000)</u>	<u>(\$3,852,000)</u>	<u>(\$7,376,000)</u>	<u>(\$1,335,000)</u>
Beginning Retained Earnings	\$15,116,000	\$18,068,000	\$17,731,000	\$13,879,000	\$6,503,000
Ending Retained Earnings	\$18,068,000	\$17,731,000	\$13,879,000	\$6,503,000	\$5,168,000

1. Assumes 12/1/2008 enrollment numbers from MoDOT
2. Assumes 5.5% annual trend for administrative expenses
3. Assumes 2.5% annual trend for other expenses

Exhibit 9
Development of Monthly Medical Cost vs. Contribution

	Active (Includes COBRA, Disabled & Vested)	Pre-65 Retiree (Includes Survivors)	Active & Pre-65 Retiree Combined	Post-65 Retiree (Includes Survivors)	Total
Medical Plan Benefit Payments Calendar Year 2009	\$56,712,046	\$16,441,758	\$73,153,804	\$7,057,354	\$80,211,158
Medical Plan Change (Coventry Health Plan Administrator)	0.00%	0.00%	0.00%	0.00%	
Termination of Transplant Insurance	0.00%	0.00%	0.00%	0.00%	
Medical Trend	108.00%	108.00%	108.00%	108.00%	
Medical Plan Benefit Payments Calendar Year 2010	\$61,249,010	\$17,757,099	\$79,006,109	\$7,621,942	\$86,628,051
Medical Plan Administration Costs Calendar Year 2009	\$4,105,704	\$1,190,311	\$5,296,015	\$491,762	\$5,787,777
Change in Medical Plan Administration Costs ¹	105.50%	105.50%	105.50%	105.50%	105.50%
Medical Plan Administration Costs Calendar Year 2010	\$4,331,518	\$1,255,778	\$5,587,296	\$518,809	\$6,106,105
Prescription Drug Plan Benefit Payments Calendar Year 2009	\$6,513,023	\$2,709,274	\$9,222,297	\$9,243,434	\$18,465,731
Prescription Drug Plan Changes	-5.50%	-5.50%	-5.50%	-5.50%	
Prescription Drug Trend	106.00%	106.00%	106.00%	106.00%	
Prescription Drug Plan Benefit Payments Calendar Year 2010	\$6,524,095	\$2,713,880	\$9,237,975	\$9,259,148	\$18,497,123
Prescription Drug Plan Administration Costs Fiscal Year 2009	\$81,867	\$34,055	\$115,922	\$116,186	\$232,108
Change in Prescription Drug Plan Administration Costs ²	410.00%	410.00%	410.00%	410.00%	410.00%
Prescription Drug Plan Administration Calendar Year 2010	\$335,655	\$139,626	\$475,280	\$476,363	\$951,643
Change in Reserve Jan 1 - Dec 31, 2010	\$593,784	\$138,577	\$732,361	\$252,639	\$985,000
Other Expenses	\$962,525	\$224,634	\$1,187,159	\$409,528	\$1,596,687
Medicare Reimbursement	\$0	\$0	\$0	(\$3,008,000)	(\$3,008,000)
Subrogation Refunds	(\$284,864)	(\$66,481)	(\$351,345)	(\$121,203)	(\$472,548)
Prescription Formulary Rebates	(\$971,266)	(\$226,674)	(\$1,197,940)	(\$413,247)	(\$1,611,187)
Total Projected Cost Calendar Year 2010	\$72,740,457	\$21,936,439	\$94,676,896	\$14,995,979	\$109,672,875
Eligible Contract Months (Based upon May-2009 Enrollment)	102,888	24,012	126,900	43,776	170,676
Projected Monthly Cost (PEPM) ^{3, 4}	\$706.99	\$913.56	\$746.07	\$342.56	\$642.58
Current Contribution (PEPM) ³	\$729.01	\$639.75	\$712.12	\$383.80	\$627.91
Excess of Contribution over Monthly Cost (PEPM) ³	\$22.02	(\$273.81)	(\$33.95)	\$41.24	(\$14.67)
Projected Contributions	\$75,006,381	\$15,361,677	\$90,368,058	\$16,801,229	\$107,169,287
Investment Income	\$704,656	\$164,453	\$869,109	\$299,812	\$1,168,921
Projected Surplus (Deficit)	\$2,970,580	(\$6,410,309)	(\$3,439,729)	\$2,105,062	(\$1,334,667)
Required Increase (Decrease) in Rates	-4.0%	41.7%	3.8%	-12.5%	1.3%

1. Overall medical administrative fees increase 5.5% in 2010 based upon quoted Coventry administrative fee guarantee.

2. Overall pharmacy administrative fees remain unchanged in 2010.

3. PEPM = per employee per month.

4. Projected costs based upon Dec-2008 Enrollment

Annualized Prescription Formulary Rebates based upon 12 months of FY2009 rebate information.

MEDICAL PREMIUMS

The following table summarizes active contribution levels for CY 2007 through CY 2009. Retiree and Other plan category details may be found in Exhibit 11.

Rate Category	Total Contribution		
	HealthLink PPO with Freedom Network Select in 2007 and 2008 Coventry Health Plan in 2009		
	CY 2007	CY 2008	CY 2009
Subscriber Only	\$312.00	\$351.00	\$369.00
Subscriber/Family	\$950.00	\$1,069.00	\$1,122.00
Subscriber/Spouse	\$622.00	\$700.00	\$735.00
Subscriber/Child	\$622.00	\$700.00	\$735.00
Subscriber/2 Children	\$710.00	\$799.00	\$839.00

MEDICAL PREMIUMS

Exhibit 11 shows the contribution levels by tier for calendar year 2009. Exhibit 12 shows the contribution levels by tier for calendar year 2010.

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Exhibit 11

**MoDOT/MSHP 2009 MEDICAL INSURANCE PREMIUMS
EFFECTIVE JANUARY 1, 2009**

Rate Category	Open Access III Plan Available Statewide 2009		
	Premium	Employer Share	Subscribers Cost
ACTIVE EMPLOYEE			
Subscriber Only	\$369.00	\$358.00	\$11.00
Subscriber/Family	\$1,122.00	\$942.00	\$180.00
Subscriber/Spouse	\$735.00	\$576.00	\$159.00
Subscriber/Child	\$735.00	\$651.00	\$84.00
Subscriber/2 Children	\$839.00	\$681.00	\$158.00
NON-MEDICARE RETIREE			
Retiree - Subscriber Only	\$369.00	\$227.00	\$142.00
Retiree - Subscriber/Family	\$1,122.00	\$536.00	\$586.00
Retiree - Subscriber/Spouse	\$735.00	\$318.00	\$417.00
Retiree - Subscriber/Child	\$735.00	\$351.00	\$384.00
Retiree - Subscriber/2 Children	\$839.00	\$363.00	\$476.00
Retiree - Non-Med. Sub./Medicare Child	\$623.00	\$310.00	\$313.00
Retiree - Non Med. Sub./Medicare Spouse	\$623.00	\$304.00	\$319.00
MEDICARE MEMBERS			
Retiree - Medicare Subscriber Only	\$254.00	\$156.00	\$98.00
Retiree - Medicare Sub./Non-Med. Spouse	\$623.00	\$268.00	\$355.00
Retiree - Medicare Sub./Medicare Spouse	\$508.00	\$247.00	\$261.00
Retiree - Medicare Sub/Non-Med. Family	\$1,007.00	\$480.00	\$527.00
Retiree - Medicare Sub/Medicare Family	\$895.00	\$478.00	\$417.00
Retiree - Medicare Subscriber/Child	\$623.00	\$298.00	\$325.00
Retiree - Medicare Subscriber/Med. Child	\$508.00	\$252.00	\$256.00
Retiree - Medicare Subscriber/2 Children	\$724.00	\$312.00	\$412.00
Survivor - Medicare Subscriber Only	\$254.00	\$156.00	\$98.00
Survivor - Medicare Sub/Non-Med. Family	\$1,007.00	\$480.00	\$527.00
Survivor - Medicare Sub/Medicare Family	\$895.00	\$478.00	\$417.00
Survivor - Medicare Subscriber/Child	\$623.00	\$298.00	\$325.00
Survivor - Medicare Subscriber/Med. Child	\$508.00	\$252.00	\$256.00
Survivor - Medicare Subscriber/2 Children	\$724.00	\$312.00	\$412.00
LTD - Medicare Subscriber Only	\$254.00	\$156.00	\$98.00
LTD - Medicare Sub./Non-Medicare Spouse	\$623.00	\$268.00	\$355.00
LTD - Medicare Subscriber/Medicare Spouse	\$508.00	\$247.00	\$261.00
LTD - Medicare Sub/Non-Med. Family	\$1,007.00	\$480.00	\$527.00
LTD - Medicare Sub/Medicare Family	\$895.00	\$478.00	\$417.00
LTD - Medicare Subscriber/Child	\$623.00	\$298.00	\$325.00
LTD - Medicare Subscriber/2 Children	\$724.00	\$312.00	\$412.00
WRD - Medicare Subscriber Only	\$254.00	\$254.00	\$0.00
WRD - Medicare Sub./Non-Medicare Spouse	\$623.00	\$512.00	\$111.00
WRD - Medicare Sub./Medicare Spouse	\$508.00	\$437.00	\$71.00
WRD - Medicare Sub/Non-Med. Family	\$1,007.00	\$846.00	\$161.00
WRD - Medicare Sub/Medicare Family	\$895.00	\$752.00	\$143.00
WRD - Medicare Subscriber/Child	\$623.00	\$576.00	\$47.00
WRD - Medicare Subscriber/2 Children	\$724.00	\$604.00	\$120.00
Vested - Medicare Subscriber Only	\$254.00	\$0.00	\$254.00
Vested - Medicare Sub/Non-Med. Family	\$1,007.00	\$0.00	\$1,007.00
Vested - Medicare Sub/Medicare Family	\$895.00	\$0.00	\$895.00
Vested - Medicare Sub./Medicare Spouse	\$508.00	\$0.00	\$508.00
Vested - Medicare Sub./Non-Med. Spouse	\$623.00	\$0.00	\$623.00
Vested - Medicare Subscriber/Child	\$623.00	\$0.00	\$623.00
Vested - Medicare Subscriber/2 Children	\$724.00	\$0.00	\$724.00

**MoDOT/MSHP 2009 MEDICAL INSURANCE PREMIUMS
EFFECTIVE JANUARY 1, 2009**

	Open Access III Plan Available Statewide 2009		
Rate Category	Premium	Employer Share	Subscribers Cost
OTHER PLAN CATEGORIES			
C.O.B.R.A. - Subscriber Only	\$369.00	\$0.00	\$369.00
C.O.B.R.A. - Subscriber/Family	\$1,122.00	\$0.00	\$1,122.00
C.O.B.R.A. - Subscriber/Spouse	\$735.00	\$0.00	\$735.00
C.O.B.R.A. - Subscriber/Child	\$735.00	\$0.00	\$735.00
C.O.B.R.A. - Subscriber/2 Children	\$839.00	\$0.00	\$839.00
WRD - Subscriber Only	\$369.00	\$358.00	\$11.00
WRD - Subscriber/Family	\$1,122.00	\$942.00	\$180.00
WRD - Subscriber/Spouse	\$735.00	\$576.00	\$159.00
WRD - Subscriber/Child	\$735.00	\$651.00	\$84.00
WRD - Subscriber/2Children	\$839.00	\$681.00	\$158.00
LTD - Subscriber Only	\$369.00	\$227.00	\$142.00
LTD - Subscriber/Family	\$1,122.00	\$536.00	\$586.00
LTD - Subscriber/Spouse	\$735.00	\$318.00	\$417.00
LTD - Subscriber/Child	\$735.00	\$351.00	\$384.00
LTD - Subscriber/2 Children	\$839.00	\$363.00	\$476.00
LTD - Non-Med. Sub./Medicare Child	\$623.00	\$310.00	\$313.00
LTD - Non-Med. Sub./Medicare Spouse	\$623.00	\$304.00	\$319.00
Survivor - Subscriber Only	\$369.00	\$227.00	\$142.00
Survivor - Subscriber/Family	\$1,122.00	\$536.00	\$586.00
Survivor - Subscriber/Child	\$735.00	\$351.00	\$384.00
Survivor - Non-Med. Sub./Medicare Child	\$623.00	\$310.00	\$313.00
Survivor - Subscriber/2 Children	\$839.00	\$363.00	\$476.00
Vested - Subscriber Only	\$369.00	\$0.00	\$369.00
Vested - Subscriber/Family	\$1,122.00	\$0.00	\$1,122.00
Vested - Subscriber/Spouse	\$735.00	\$0.00	\$735.00
Vested - Non-Med Sub./Medicare Spouse	\$623.00	\$0.00	\$623.00
Vested - Subscriber/Child	\$735.00	\$0.00	\$735.00
Vested - Subscriber/2 Children	\$839.00	\$0.00	\$839.00

Sub. = Subscriber

Non-Med. = Non-Medicare

LTD = Long Term Disability

WRD = Work Related Disability

Spouse Contribution Plans - Active Employees (These are plans where both spouses work for MoDOT or MSHP and the family or spouses are under one employees plan)			
Spouse Contrib. - Subscriber/Family	\$1,122.00	\$1,122.00	\$0.00
Spouse Contrib. - Subscriber/Spouse	\$735.00	\$735.00	\$0.00
Spouse Contribution Plans - 1 Active Employee & 1 Retired Employee (These are plans where 1 spouse works for MoDOT or MSHP and 1 spouse is retired from MoDOT or MSHP and the family or			
Spouse Contrib. - Subscriber/Family	\$1,122.00	\$1,122.00	\$0.00
Spouse Contrib. - Sub/Family w/ Med. Sp.	\$1,122.00	\$1,098.00	\$24.00
Spouse Contrib. - Subscriber/Spouse	\$735.00	\$735.00	\$0.00
Sp. Contrib. - Non-Med. Sub/Medicare Sp.	\$735.00	\$732.00	\$3.00
Spouse Contribution Plans - Retired Employees (These are plans where both spouses are retired from MoDOT or MSHP)			
Spouse Contrib. - Subscriber/Family	\$1,122.00	\$763.00	\$359.00
Spouse Contrib. - Sub./Family w/ Med. Sp.	\$1,007.00	\$692.00	\$315.00
Spouse Contrib. - Med. Sub./ Non. Med. Sp.	\$623.00	\$495.00	\$128.00
Spouse Contrib. - Med. Sub./Med. Spouse	\$508.00	\$403.00	\$105.00
Spouse Contrib. - Subscriber/Spouse	\$735.00	\$545.00	\$190.00
Spouse Contrib. - Non-Med Sub/Med Spouse	\$623.00	\$460.00	\$163.00

**When both spouses are retired from MoDOT or MSHP, it is cost beneficial for the subscriber to be the Medicare member.

Exhibit 12

**MoDOT/MSHP 2010 MEDICAL INSURANCE PREMIUMS
ILLUSTRATIVE EFFECTIVE JANUARY 1, 2010**

Rate Category	Coventry Health Plan Available Statewide			Increase, 2010 over 2009		
	Premium	Employer Share	Subscribers Cost	Total	Employer Share	Subscribers Cost
ACTIVE EMPLOYEE						
Subscriber Only	\$384.00	\$372.00	\$12.00	4.07%	3.91%	9.09%
Subscriber/Family	\$1,167.00	\$980.00	\$187.00	4.01%	4.03%	3.89%
Subscriber/Spouse	\$768.00	\$603.00	\$165.00	4.49%	4.69%	3.77%
Subscriber/Child	\$768.00	\$681.00	\$87.00	4.49%	4.61%	3.57%
Subscriber/2 Children	\$873.00	\$709.00	\$164.00	4.05%	4.11%	3.80%
NON-MEDICARE RETIREE						
Retiree - Subscriber Only	\$384.00	\$236.00	\$148.00	4.07%	3.96%	4.23%
Retiree - Subscriber/Family	\$1,167.00	\$558.00	\$609.00	4.01%	4.10%	3.92%
Retiree - Subscriber/Spouse	\$768.00	\$332.00	\$436.00	4.49%	4.40%	4.56%
Retiree - Subscriber/Child	\$768.00	\$367.00	\$401.00	4.49%	4.56%	4.43%
Retiree - Subscriber/2 Children	\$873.00	\$377.00	\$496.00	4.05%	3.86%	4.20%
Retiree - Non-Med. Sub./Medicare Child	\$648.00	\$322.00	\$326.00	4.01%	3.87%	4.15%
Retiree - Non Med. Sub./Medicare Spouse	\$648.00	\$316.00	\$332.00	4.01%	3.95%	4.08%
MEDICARE MEMBERS						
Retiree - Medicare Subscriber Only	\$264.00	\$162.00	\$102.00	3.94%	3.85%	4.08%
Retiree - Medicare Sub./Non-Med. Spouse	\$648.00	\$279.00	\$369.00	4.01%	4.10%	3.94%
Retiree - Medicare Sub./Medicare Spouse	\$528.00	\$257.00	\$271.00	3.94%	4.05%	3.83%
Retiree - Medicare Sub/Non-Med. Family	\$1,047.00	\$500.00	\$547.00	3.97%	4.17%	3.80%
Retiree - Medicare Sub/Medicare Family	\$927.00	\$495.00	\$432.00	3.58%	3.56%	3.60%
Retiree - Medicare Subscriber/Child	\$648.00	\$310.00	\$338.00	4.01%	4.03%	4.00%
Retiree - Medicare Subscriber/Med. Child	\$528.00	\$262.00	\$266.00	3.94%	3.97%	3.91%
Retiree - Medicare Subscriber/2 Children	\$753.00	\$324.00	\$429.00	4.01%	3.85%	4.13%
Survivor - Medicare Subscriber Only	\$264.00	\$162.00	\$102.00	3.94%	3.85%	4.08%
Survivor - Medicare Sub/Non-Med. Family	\$1,047.00	\$500.00	\$547.00	3.97%	4.17%	3.80%
Survivor - Medicare Sub/Medicare Family	\$927.00	\$495.00	\$432.00	3.58%	3.56%	3.60%
Survivor - Medicare Subscriber/Child	\$648.00	\$310.00	\$338.00	4.01%	4.03%	4.00%
Survivor - Medicare Subscriber/Med. Child	\$528.00	\$262.00	\$266.00	3.94%	3.97%	3.91%
Survivor - Medicare Subscriber/2 Children	\$753.00	\$324.00	\$429.00	4.01%	3.85%	4.13%
LTD - Medicare Subscriber Only	\$264.00	\$162.00	\$102.00	3.94%	3.85%	4.08%
LTD - Medicare Sub./Non-Medicare Spouse	\$648.00	\$279.00	\$369.00	4.01%	4.10%	3.94%
LTD - Medicare Subscriber/Medicare Spouse	\$528.00	\$257.00	\$271.00	3.94%	4.05%	3.83%
LTD - Medicare Sub/Non-Med. Family	\$1,047.00	\$500.00	\$547.00	3.97%	4.17%	3.80%
LTD - Medicare Sub/Medicare Family	\$927.00	\$495.00	\$432.00	3.58%	3.56%	3.60%
LTD - Medicare Subscriber/Child	\$648.00	\$310.00	\$338.00	4.01%	4.03%	4.00%
LTD - Medicare Subscriber/2 Children	\$753.00	\$324.00	\$429.00	4.01%	3.85%	4.13%
WRD - Medicare Subscriber Only	\$264.00	\$264.00	\$0.00	3.94%	3.94%	N/A
WRD - Medicare Sub./Non-Medicare Spouse	\$648.00	\$532.00	\$116.00	4.01%	3.91%	4.50%
WRD - Medicare Sub./Medicare Spouse	\$528.00	\$454.00	\$74.00	3.94%	3.89%	4.23%
WRD - Medicare Sub/Non-Med. Family	\$1,047.00	\$880.00	\$167.00	3.97%	4.02%	3.73%
WRD - Medicare Sub/Medicare Family	\$927.00	\$779.00	\$148.00	3.58%	3.59%	3.50%
WRD - Medicare Subscriber/Child	\$648.00	\$599.00	\$49.00	4.01%	3.99%	4.26%
WRD - Medicare Subscriber/2 Children	\$753.00	\$628.00	\$125.00	4.01%	3.97%	4.17%
Vested - Medicare Subscriber Only	\$264.00	\$0.00	\$264.00	3.94%	N/A	3.94%
Vested - Medicare Sub/Non-Med. Family	\$1,047.00	\$0.00	\$1,047.00	3.97%	N/A	3.97%
Vested - Medicare Sub/Medicare Family	\$927.00	\$0.00	\$927.00	3.58%	N/A	3.58%
Vested - Medicare Sub./Medicare Spouse	\$528.00	\$0.00	\$528.00	3.94%	N/A	3.94%
Vested - Medicare Sub./Non-Med. Spouse	\$648.00	\$0.00	\$648.00	4.01%	N/A	4.01%
Vested - Medicare Subscriber/Child	\$648.00	\$0.00	\$648.00	4.01%	N/A	4.01%
Vested - Medicare Subscriber/2 Children	\$753.00	\$0.00	\$753.00	4.01%	N/A	4.01%

Exhibit 12

MoDOT/MSHP 2010 MEDICAL INSURANCE PREMIUMS
ILLUSTRATIVE EFFECTIVE JANUARY 1, 2010

Rate Category	Coventry Health Plan Available Statewide			Increase, 2010 over 2009		
	Premium	Employer Share	Subscribers Cost	Total	Employer Share	Subscribers Cost
OTHER PLAN CATEGORIES						
C.O.B.R.A. - Subscriber Only	\$384.00	\$0.00	\$384.00	4.07%	N/A	4.07%
C.O.B.R.A. - Subscriber/Family	\$1,167.00	\$0.00	\$1,167.00	4.01%	N/A	4.01%
C.O.B.R.A. - Subscriber/Spouse	\$768.00	\$0.00	\$768.00	4.49%	N/A	4.49%
C.O.B.R.A. - Subscriber/Child	\$768.00	\$0.00	\$768.00	4.49%	N/A	4.49%
C.O.B.R.A. - Subscriber/2 Children	\$873.00	\$0.00	\$873.00	4.05%	N/A	4.05%
WRD - Subscriber Only	\$384.00	\$372.00	\$12.00	4.07%	3.91%	9.09%
WRD - Subscriber/Family	\$1,167.00	\$980.00	\$187.00	4.01%	4.03%	3.89%
WRD - Subscriber/Spouse	\$768.00	\$603.00	\$165.00	4.49%	4.69%	3.77%
WRD - Subscriber/Child	\$768.00	\$681.00	\$87.00	4.49%	4.61%	3.57%
WRD - Subscriber/2 Children	\$873.00	\$709.00	\$164.00	4.05%	4.11%	3.80%
LTD - Subscriber Only	\$384.00	\$236.00	\$148.00	4.07%	3.96%	4.23%
LTD - Subscriber/Family	\$1,167.00	\$558.00	\$609.00	4.01%	4.10%	3.92%
LTD - Subscriber/Spouse	\$768.00	\$332.00	\$436.00	4.49%	4.40%	4.56%
LTD - Subscriber/Child	\$768.00	\$367.00	\$401.00	4.49%	4.56%	4.43%
LTD - Subscriber/2 Children	\$873.00	\$377.00	\$496.00	4.05%	3.86%	4.20%
LTD - Non-Med. Sub./Medicare Child	\$648.00	\$322.00	\$326.00	4.01%	3.87%	4.15%
LTD - Non-Med. Sub./Medicare Spouse	\$648.00	\$316.00	\$332.00	4.01%	3.95%	4.08%
Survivor - Subscriber Only	\$384.00	\$236.00	\$148.00	4.07%	3.96%	4.23%
Survivor - Subscriber/Family	\$1,167.00	\$558.00	\$609.00	4.01%	4.10%	3.92%
Survivor - Subscriber/Child	\$768.00	\$367.00	\$401.00	4.49%	4.56%	4.43%
Survivor - Non-Med. Sub./Medicare Child	\$648.00	\$322.00	\$326.00	4.01%	3.87%	4.15%
Survivor - Subscriber/2 Children	\$873.00	\$377.00	\$496.00	4.05%	3.86%	4.20%
Vested - Subscriber Only	\$384.00	\$0.00	\$384.00	4.07%	N/A	4.07%
Vested - Subscriber/Family	\$1,167.00	\$0.00	\$1,167.00	4.01%	N/A	4.01%
Vested - Subscriber/Spouse	\$768.00	\$0.00	\$768.00	4.49%	N/A	4.49%
Vested - Non-Med Sub./Medicare Spouse	\$648.00	\$0.00	\$648.00	4.01%	N/A	4.01%
Vested - Subscriber/Child	\$768.00	\$0.00	\$768.00	4.49%	N/A	4.49%
Vested - Subscriber/2 Children	\$873.00	\$0.00	\$873.00	4.05%	N/A	4.05%

Sub. = Subscriber

Non-Med. = Non-Medicare

LTD = Long Term Disability

WRD = Work Related Disability

Spouse Contribution Plans - Active Employees (These are plans where both spouses work for MoDOT or MSHP and the family or spouses are under one employees plan)

Spouse Contrib. - Subscriber/Family	\$1,167.00	\$1,167.00	\$0.00	4.01%	4.01%	N/A
Spouse Contrib. - Subscriber/Spouse	\$768.00	\$768.00	\$0.00	4.49%	4.49%	N/A

Spouse Contribution Plans - 1 Active Employee & 1 Retired Employee (These are plans where 1 spouse works for MoDOT or MSHP and 1 spouse is retired from MoDOT or MSHP and the family or spouses are under the active employees plan)

Spouse Contrib. - Subscriber/Family	\$1,167.00	\$1,167.00	\$0.00	4.01%	4.01%	N/A
Spouse Contrib. - Sub./Family w/ Med. Sp.	\$1,167.00	\$1,142.00	\$25.00	4.01%	4.01%	4.17%
Spouse Contrib. - Subscriber/Spouse	\$768.00	\$768.00	\$0.00	4.49%	4.49%	N/A
Sp. Contrib. - Non-Med. Sub./Medicare Sp.	\$768.00	\$765.00	\$3.00	4.49%	4.51%	0.00%

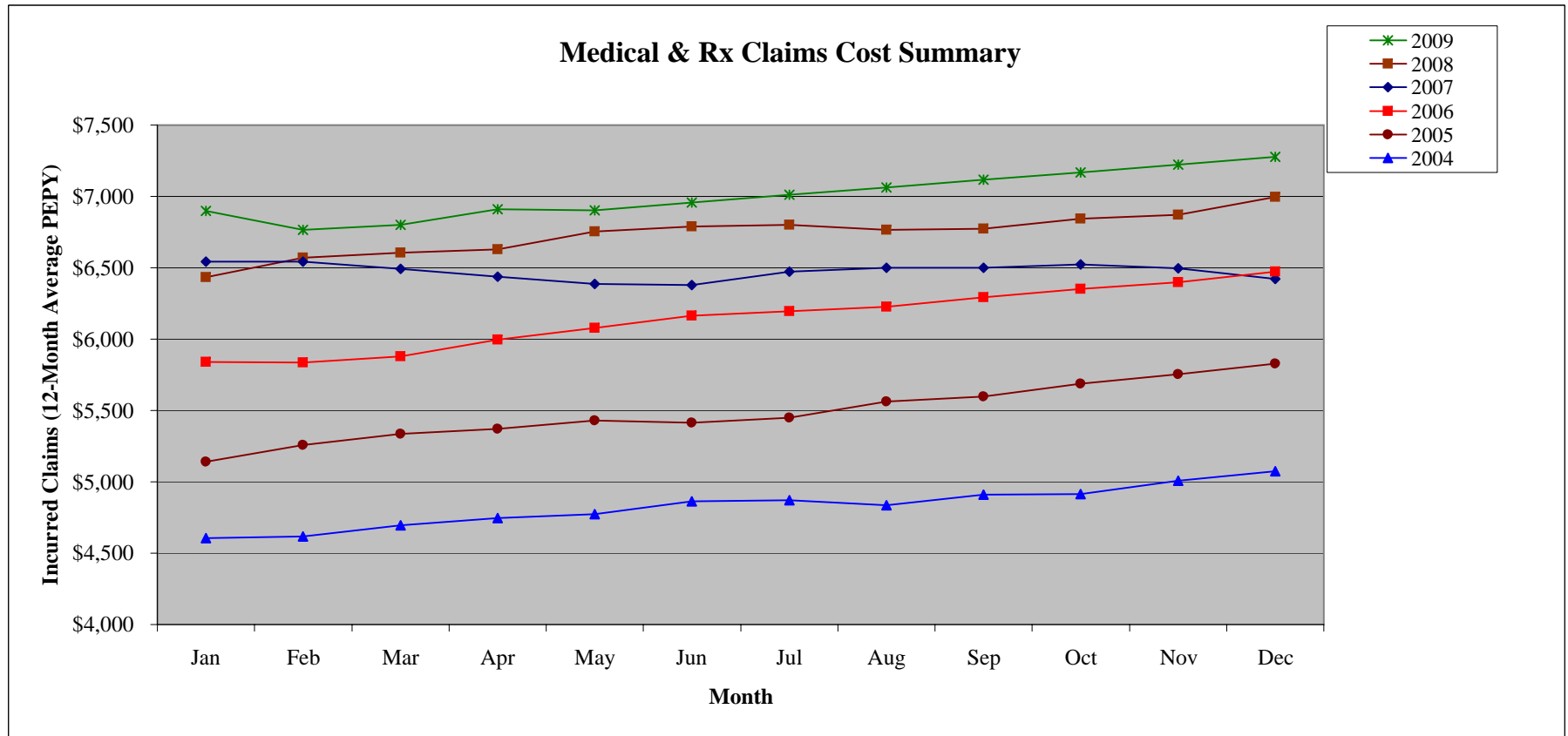
Spouse Contribution Plans - Retired Employees (These are plans where both spouses are retired from MoDOT or MSHP)

Spouse Contrib. - Subscriber/Family	\$1,167.00	\$794.00	\$373.00	4.01%	4.06%	3.90%
Spouse Contrib. - Sub./Family w/ Med. Sp.	\$1,047.00	\$720.00	\$327.00	3.97%	4.05%	3.81%
Spouse Contrib. - Med. Sub./ Non. Med. Sp.	\$648.00	\$515.00	\$133.00	4.01%	4.04%	3.91%
Spouse Contrib. - Med. Sub./Med. Spouse	\$528.00	\$419.00	\$109.00	3.94%	3.97%	3.81%
Spouse Contrib. - Subscriber/Spouse	\$768.00	\$568.00	\$200.00	4.49%	4.22%	5.26%
Spouse Contrib. - Non-Med Sub/Med Spouse	\$648.00	\$478.00	\$170.00	4.01%	3.91%	4.29%

****When both spouses are retired from MoDOT or MSHP, it is cost beneficial for the subscriber to be the Medicare member.**

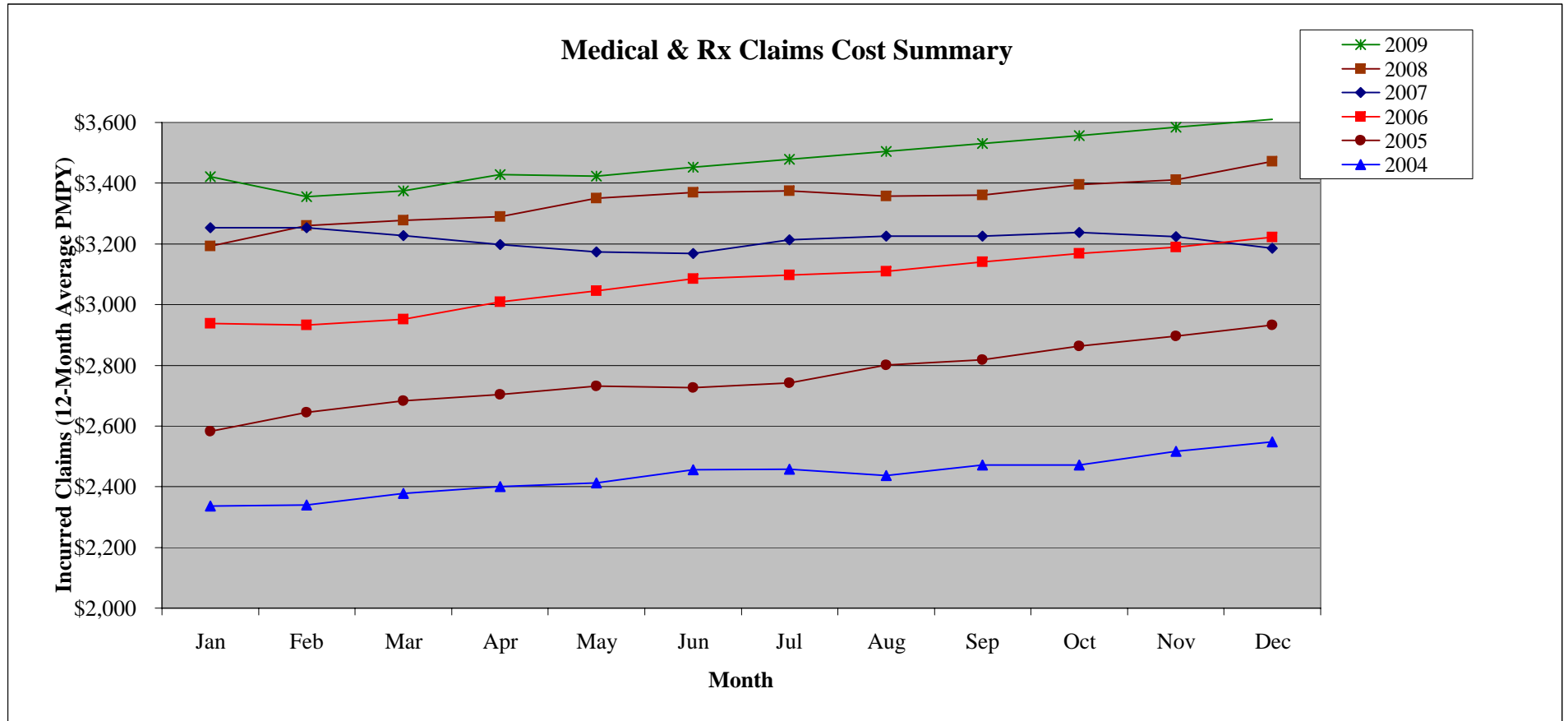
Appendix A

Missouri Department of Transportation / Missouri State Highway Patrol
Medical & Rx Claims Cost Summary
Incurred Claims (12-Month Average PEPY)
Through June 2009



Appendix B

Missouri Department of Transportation / Missouri State Highway Patrol
Medical & Rx Claims Cost Summary
Incurred Claims (12-Month Average PMPY)
Through June 2009



Appendix C

Medical

Lag Month	% Paid, Cumulative
0	10.2%
1	56.9%
2	82.1%
3	90.3%
4	94.2%
5	96.9%
6	98.2%
7	98.6%
8	99.1%
9	99.3%
10	99.7%
11	99.8%
12	99.9%
13	99.9%
14	99.9%
15	100.0%
16	100.0%
17	100.0%
18	100.0%
19	100.0%
20	100.0%
21	100.0%
22	100.0%
23	100.0%

1. 18-month averages based upon incurred and paid data through 5/31/2009 with June 2009 estimated.

July 7, 2009

Watson Wyatt Worldwide